

## Message Text

CONFIDENTIAL

PAGE 01 MANILA 18919 061216Z

11  
ACTION EA-09

INFO OCT-01 ISO-00 EB-07 COME-00 AGRE-00 TRSE-00 OMB-01

STR-04 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /068 W

----- 012618

R 061010Z DEC 76

FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 0000

C O N F I D E N T I A L MANILA 18919

E.O. 11652: GDS  
TAGS: EAGR, RP, US  
SUBJECT: PHILIPPINE SUGAR

1. DON MANOLO ELIZALDE, PRESIDENT OF PHILIPPINE SUGAR ASSOCIATION, CALLED ON ME DECEMBER 6 TO INFORM ME OF RECOMMENDATIONS HE INTENDS TO MAKE TO PRESIDENT MARCOS IN A MEETING SCHEDULED FOR DECEMBER 8. ELIZALDE ALSO LEFT ME COPY OF HIS ANNUAL REPORT TO THE ASSOCIATION, ELEMENTS OF WHICH WILL BE REPORTED SEPARATELY.

2. SUGAR ASSOCIATION IS, NATURALLY, UNHAPPY WITH CURRENT STATE OF AFFAIRS, BUT REGARDS MOMENT AS OPPORTUNE TO TRY TO ABOLISH SUGAR TRADING MONOPOLY OF PHILIPPINE NATIONAL BANK AND BALEFUL INFLUENCE OF MARCOS CRONY, BOBBY BENEDICTO. ELIZALDE THEREFORE HOPES TO MAKE THESE TWO OBJECTIVES CENTRAL THRUST OF HIS MEETING WITH MARCOS.

3. HIS PROPOSAL WILL BE THAT MARCOS AGREE TO PUT AT LEAST 500,000 ONS OF CURRENT PHILIPPINE ACCUMULATION OF SUGAR ON THE INTERNATIONAL MARKET, TO BE SOLD THROUGH COMMERCIAL BROKERS, ON CREDIT OR PARTIAL CREDIT AT WHATEVER PRICE THE MARKET WILL BEAR. HE DOUBTS THIS MANEUVER WILL DEPRESS WORLD MARKET SIGNIFICANTLY AND, INDEED, BY REMOVING PART OF ENORMOUS PHILIPPINE OVERHANG, HE BELIEVES IT MAY HAVE MEDIUM-TERM EFFECT OF STABILIZING PRICES, AT LEAST  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MANILA 18919 061216Z

MARGINALLY.

4. ELIZALDE ALSO INTENDS TO INFORM MARCOS THAT PROPOSALS FOR CONVERTING SUGAR INTO ALCHOL ARE COMMERCIALY INFEASIBLE PIPE-DREAMS, AND SHOULD BE SHELVED. HE ESTIMATES THAT APPROXIMATELY 30 PERCENT (400,000 TONS) OF CURRENT PHILIPPINE SUGAR STOCKS HAVE DETERIORATED BEYOND SALVAGE AND SHOULD BE WRITTEN OFF. HE FORESEES SERIOUS PROBLEMS FOR AT LEAST TWO YEARS FOR ALL PHILIPPINE PRODUCERS AND BELIEVES SEVERAL MARTINAL FIRMS WILL GO BANKRUPT.

5. FINALLY, ELIZALDE WILL REPEAT HIS STANDARD THEME THAT BEST ASSURANCE FOR PHILIPPINE SUGAR PRODUCERS IS GUARANTEED QUOTA IN U.S. MARKET. HE THEREFORE WILL RECOMMEND THAT GOP LOBBY FOR RENEWAL OF U.S. SUGAR QUOTAS, OR SEEK SPECIAL QUOTA THROUGH BILATERAL NEGOTIATIONS.

6. ELIZALDE CANDIDLY ADMITS THAT THE DOUBTS MARCOS WILL TAKE ANY OF HIS ADVICE ON THESE PROPOSALS. HOWEVER, HE SAYS HE WILL PRESENT THEM AS REPRESENTING THE CONSIDERED AND UNANIMOUS VIEWS OF ALL PHILIPPINE SUGAR PRODUCERS WITH THE NOTABLE EXCEPTION OF BENEDICTO. HE UNDERTOOK TO LET ME KNOW THE RESULTS OF HIS INTERVIEW.  
SULLIVAN

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SUGAR, ECONOMIC PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 DEC 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** izenbei0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976MANILA18919  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760450-0229  
**From:** MANILA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19761270/aaaacihk.tel  
**Line Count:** 84  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** izenbei0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 02 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <02 JUN 2004 by buchant0>; APPROVED <30 SEP 2004 by izenbei0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PHILIPPINE SUGAR  
**TAGS:** EAGR, RP, US, PHILIPPINE SUGAR ASSOC, (ELIZALDE, DON MANOLO)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006